

SUPPLEMENT I

Additional information on the Cost-To-Market Analysis

Anecdotal information provided by interviewed truck drivers on transporting goods across the territory of the various countries in the region¹:

Through Kazakhstan

1. At the customs border checkpoint while entering the territory of Kazakhstan different control services put their stamps confirming that the trucks passed the control procedures. If the truck driver does not pay any “illegal payments” the officials put the stamp by certain way like cornerwise so that this would serve as a special sign for the other customs officials to get “the payment”.
2. While entering the territory of Kazakhstan from Uzbekistan drivers face problems with extortion practices. The amount extorted is equal to \$25 (per wheel). If the driver refuses to pay they are stripped of their IDs and accompanying documents for the cargo. Within the area of “Gani Muratbaev” checkpoint the extortion practices also take place with an average \$200 charged per truck
3. The established weight limit and axle load standards are different (less) than the European standard, which causes difficulties in transportation of goods to/from Europe.
4. The documents are checked regardless of the procedure under which goods are transported at each mobile checkpoint of State Road Inspection (SRI), of which there are many.
5. The customs bodies require additional documents for cargos transported with TIR Carnet (e.g. a contract between a consignor of goods and a consignee).
6. The most common reasons for unofficial payments are violation of technical rules of goods transportation (overload) or wrong registration and lack of some documents. Transport service unofficially charges from 10 to 100 US dollars depending on the level of violation of the technical rules of cargo transportation.
7. The amount of nonofficial payments made by Kyrgyz transporters when transiting agricultural products across Kazakhstan territory is about 70% of total payments.
8. In case the truck driver refuses to pay some unofficially charged amount the truck is not allowed to proceed until the payment is made. The truck drivers have to pay the required sum in order to deliver perishable goods in a good state and within the stipulated with the client terms of goods delivery. Thus, at the stationary checkpoint near settlement “Chiganak” Kazakh Transport Inspection demanded nonofficial payment of 10,000 tenge (US\$ 76) for alleged excess weight of the truck even though the total weight was 28 tons and when distributing the load on the axles it met all specifications required. Moreover, the truck was earlier released from the customs checkpoint “Korday” with no weight excess identified. After 6-hours (!) of being detained, the truck driver had to pay 10,000

¹ The comments were received from transporters during the period from November 2004 till December 2005.

tenge (US\$ 76) in order to continue his itinerary and meet the delivery schedule specified by the client.

9. At the customs checkpoint “Korday” Kazak customs officials demanded payment for customs escort to Almaty in the amount of \$200. The driver had to pay US\$100 (which was nonofficial) and the vehicle was released without any escort.
10. At the customs checkpoint “Korday” when issuing a passing slip Kazak Transport Inspection officials demand the drivers to pay nonofficial payments (bribes) up to 3,000 tenge (US\$23). In case of refusal they deprive the drivers of their driving licenses and vehicle registration documents and after this they issue the passing slip. Having passed through all agencies indicated in the slip, such as quarantine, sanitary, veterinary, border, and customs control – total 5 (five) stamps – the driver returns to the transport inspection officials so they can place the final stamp and retain the second (2) copy of the slip. When returning the driver’s license and vehicle registration to the driver the officials extort money and usually get at least 1,000 tenge (US\$ 7.6) from truck drivers conveying goods to Almaty and other neighboring Kazakhstan cities and cargo load up to 10 tons. The payment rates charged from the heavy haulers transiting across Kazakhstan – especially with perishable agricultural products - might go up to 10, 000 tenge (US\$76) and higher.
11. Extortions and racket are met both on the way to the customs of destination (loaded trucks) and on the way back (empty trucks).

Through Russia

1. Long delays at the stationary checkpoints (especially in the case of transportation of agricultural products).
2. In cases when height and weight of a transport vehicle with or without cargo exceeds the established standards on the territory of RF, a carrier shall receive a special permit for transportation of the good. To do this the carrier shall leave the car at the border and go for the permit to Moscow as the required permits are only issued there. It takes two weeks (!) to get the permit. Only after receiving the permit the cargo is allowed to be transported to the place of destination.
3. Immense amount of mobile checkpoints; almost at each km within the area between Kurgan and Chelyabinsk.
4. At the cross border of Russian Federation the controlling bodies require medical insurance from truck drivers. This requirement does not apply to Kazakhstan and Kyrgyzstan citizens due to concluded bilateral agreements with Russia and turns up to be violation made by the controlling bodies.
5. SRI mobile checkpoints check all documents and also require HEALTH CERTIFICATE, which is not within the duties of the road inspection. (!).

Through Uzbekistan

1. When transporting goods through Uzbekistan, Tajik trucks are subject to complete check of cargo and accompanying documents. Uzbek customs officials open the containers, check them and then put the new stamp.